

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 CIAE-00 INR-11 NSAE-00

RSC-01 DRC-01 /050 W

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R 231911Z AUG 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4615

INFO AMEMBASSY BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION BERLIN

AMCONSUL FRANKFURT

AMCONSUL MUNICH

AMCONSUL HAMBURG

AMCONSUL DUSSELDORF

AMCONSUL ROTTERDAM

USMISSION EC BRUSSELS

UNCLAS SECTION 01 OF 02 BONN 13429

E.O. 11652: N/A

TAGS: XH, ETRD, EINV

SUBJECT: US SUBSIDIARIES PARTICIPATION IN INDUSTRIAL
COOPERATION ARRANGEMENTS

REF: A. STATE 173905

1. OFFICERS FROM THE CONSULATES IN MUNICH AND HAMBURG
HAVE PROVIDED THE EMBASSY WITH THE FOLLOWING
INFORMATION ON INDUSTRIAL COOPERATION ARRANGEMENTS
BETWEEN SOVIET, EASTERN EUROPEAN COUNTRIES AND U.S.

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SUBSIDIARIES. NO OTHER INFORMATION TURNED UP BY REMAIN-

ING CONSULATES IN GERMANY.

2. BAVARIA

A. AVON COSMETICS GMBH., 8 MUENCHEN 40, P.O.B. 400140; PARENT: AVON PRODUCTS, INC., 30 ROCKEFELLER PLAZA, NEW YORK, N.Y. 10020. LICENSING AGREEMENTS FOR THE PRODUCTION OF CERTAIN COSMETICS HAVE BEEN CONCLUDED WITH LICENSEES LOCATED IN LENINGRAD, MOSCOW, BUCHAREST AND POZNAN (POLAND). FIRST THREE LICENSEES PRODUCE FOR DOMESTIC MARKET; AVON BUYS BACK PART OF POZNAN LICENSEE'S PRODUCTION FOR RESALE IN WESTERN EUROPE. AVON EXPECTS TO CONCLUDE ANOTHER LICENSING AGREEMENT SOON WITH AN ORGANIZATION LOCATED IN WARSAW. COMMENT: IT IS POSSIBLE THAT THESE ARRANGEMENTS WERE CONCLUDED BY AVON'S HEAD OFFICE IN NEW YORK.

B BECKMAN INSTRUMENTS GMBH., 8 MUENCHEN 45, FRANKFURTER RING 115; PARENT: BECKMAN INSTRUMENTS, INC., 2500 HARBOR BLVD., FULLERTON, CALIF. 92634. LICENSING AGREEMENT IN EFFECT WITH STATE ORGANIZATION ISKRA IN YUGOSLAVIAN CITY OF SAME NAME FOR MANUFACTURE OF CLINICAL PHOTOMETER. PHOTOMETERS ARE EXPORTED TO OTHER EE COUNTRIES AS WELL AS TO EC.

C. DEUTSCHE WRIGLEY GMBH., 8 MUENCHEN 83, ALBERT-SCHWEITZER-STRASSE 64; PARENT: WILLIAM WRIGLEY, JR. AND CO., 410 N. MICHIGAN AVE., CHICAGO, ILL. 60611. WRIGLEY IS NEGOTIATING AGREEMENT WITH AN EE COUNTRY (WHICH MUNICH OFFICE DECLINED TO NAME AT PRESENT) FOR CONSTRUCTION OF CHEWING GUM FACTORY, WRIGLEY TO PROVIDE EQUIPMENT AND KNOW-HOW AND EE COUNTRY TO PROVIDE LAND AND BUILDING. UNDER PROSPECTIVE AGREEMENT, WHICH REPORTEDLY SIMILAR TO PEPSI COLA'S DEAL WITH USSR, WRIGLEY WOULD BE COMPENSATED IN HARD CURRENCY FOR SALE OF GUM BASE TO EE COUNTRY CONCERNED. OUTPUT OF SUBJECT FACTORY WOULD BE MARKETING THROUGHOUT EE.

D TEXAS INSTRUMENTS DEUTSCHLAND GMBH., 8050 FREISING, HAGGERTYSTRASSE 1; PARENT: TEXAS INSTRUMENTS, INC., P.O.B. 5474, DALLAS, TEXAS 75222. UNDER AGREEMENT UNCLASSIFIED

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WITH A YUGOSLAVIAN ORGANIZATION (NAME AND ADDRESS UNAVAILABLE IN TI SUPPLIES TRANSISTOR CHIP AND PACKAGING WHICH ASSEMBLED IN YUGOSLAVIA. FINAL PRODUCT SOLD TO TI EUROPEAN SEMICONDUCTOR GROUP, NICE, FRANCE, FOR DISTRIBUTION IN WESTERN EUROPEAN MARKETS. COMMENT: SINCE TEXAS INSTRUMENTS' MAIN PLANT IN MUNICH IS CLOSED FOR THE SUMMER, THE ABOVE INFORMATION CAME FROM A TECHNICAL REPRESENTATIVE OF THE FIRM

WHO WAS NOT CERTAIN IF THIS AGREEMENT WAS CONCLUDED BY
THE TI MUNICH OR DALLAS OFFICE.

3. HAMBURG - A CONSULATE OFFICER IN HAMBURG DISCUSSED
THIS QUESTION WITH THE MANAGING DIRECTOR OF SATRA
COMPANY. THE HAMBURG ADDRESS OF SATRA IS: SATRA
GMBH, 2153 NEU WULMSTORF BEI, HAMBURG, LESSINGSTRASSE
60-62.

A SUPPLY OF COMPLETE PLANTS WITH PAYMENT IN RESULTANT

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INFO OCT-01 EUR-25 ISO-00 EB-11 CIAE-00 INR-11 NSAE-00

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PRODUCTS - SATRA HAS A PRELIMINARY AGREEMENT WITH THE USSR ON CONSTRUCTION OF A BICYCLE PLANT AND A MOTOR-CYCLE PLANT IN THE USSR. THE PROBABLE SCENARIO IS AS FOLLOWS. SATRA PROVIDES SPECIFICATIONS ON THE PRODUCT TO BE MARKETING IN THE USA AND RECOMMENDS CERTAIN EQUIPMENT FOR THE PLANT. AFTER NEGOTIATING WITH THE SOVIETS, SATRA PLANS TO BUY THE EQUIPMENT IN THE WEST (FOR CASH) ALTHOUGH THE SUPPLIERS OF THE EQUIPMENT WOULD BE RESPONSIBLE FOR INSTALLATION IN THE SOVIET UNION.
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UNION. SATRA'S PAYMENT FROM THE SOVIETS WOULD BE IN PLANT OUTPUT (OR PART IN HARD CURRENCY, PART IN PRODUCT) WITH A LONG TERM CONTRACT FOR FURTHER DELIVERIES. SATRA, IN EFFECT, PLAYS A MIDDLE MAN ROLE IN THIS TYPE OF AGREEMENT AS WELL AS IN OTHER UNSPECIFIED AGREEMENTS WHERE SATRA SUPPLIES MACHINERY TO THE SOVIETS IN EXCHANGE FOR SUCH PRODUCTS AS NICKEL. IN RELATED CASES SATRA SOMETIMES BUYS THE EQUIPMENT FROM THE SUPPLIER PRIOR TO SUPPLYING IT TO THE SOVIETS. OFTEN, SATRA RECEIVES A COMMISSION FROM THE FIRM WHOSE MACHINERY OR HIGH TECHNOLOGY EQUIPMENT SATRA IS SUPPLYING TO THE SOVIET UNION.

B. CO-PRODUCTION - APPROXIMATELY TWO AND ONE-HALF YEARS AGO, SATRA AND A ROMANIAN FIRM PLANNED A JOINT VENTURE IN IRON ORE EXPLORATION IN BRAZIL. THIS ARRANGEMENT FELL THROUGH SINCE THE PROJECTED COST FOR INFRA-STRUCTURE WAS TOO HIGH IN RELATIONSHIP TO THE AMOUNT OF ORE AVAILABLE.

C. MARKETING ARRANGEMENT - SATRA IS EXPLORING WITH HUNGARY THE POSSIBILITY OF MARKETING HUNGARIAN ENGINEERED OR MANUFACTURED PRODUCTS, BUILT TO SPECIFICATIONS, IN THE WEST EXPLOITING WHAT SATRA THINKS IS EXCESS HUNGARIAN CAPACITY. ALSO, A YEAR AGO SATRA, UNSUCCESSFULLY, DISCUSSED AN ARRANGEMENT FOR MARKETING SOVIET FARM TRACTORS IN CANADA. SATRA WOULD PURCHASE THE TRACTORS AND RESELL THEM TO CANADA. THIS ARRANGEMENT IS STILL RECEIVING SOME CONSIDERATION.

4. AN EMBASSY OFFICER INFORMALLY ASKED AN FRG ECONOMICS MINISTRY OFFICIAL IF HE HAD INFORMATION OF U.S. SUBSIDIARIES ARRANGEMENTS WITH EASTERN EUROPE. WE WERE TOLD THAT THE FRG HAS A GREAT DEAL OF DIFFICULTY IN COLLECTING THIS INFORMATION FROM ITS OWN COMPANIES SINCE THERE IS NO REPORTING REQUIREMENT LEVIED ON THE COMPANIES. IN ANY CASE, THE MINISTRY

HAD NO INFORMATION ON U.S. SUBSIDIARIES.

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